

PN-ABA-128

SN-56818

**WOMEN AND EXPORT MANUFACTURING:  
A Review of the Issues and AID Policy**

by Susan Joeke  
with Roxana Moayed

International Center for Research on Women  
1717 Massachusetts Avenue, N.W.,  
Washington, D.C. 20036

Prepared for the Office of Women in Development  
U.S. Agency for International Development

July 1987

## EXECUTIVE SUMMARY

One of the basic tenets of AID's trade development policy is support for developing country exports and establishment of ties between private enterprises in developed and developing countries, including offshore production by US companies in developing countries. Such activities are often carried out in export processing zones (EPZs). A review of AID country strategy documents and project papers shows that AID's emphasis on export promotion has more potential to contribute to women in development goals than is presently realized. Moreover, consideration of gender issues generates recommendations for policies to improve the developmental impact of AID's export promotion policy, and EPZs provide a convenient site for project interventions.

Of the approximately one million jobs that export processing zones (EPZs) generate in developing countries, about 80 percent are estimated to be held by women. The predominance of women in EPZs has sparked a debate over the advantages and disadvantages of women's employment in the zones in developing countries. Some argue that multinational export factories expand job opportunities for women and offer higher wages and better working conditions than do domestic firms. In addition, these factories promote sexual equality by integrating women into the modern labor market and providing wage employment. Others argue that jobs in EPZs are usually unskilled, dead-end and poorly paid. Women workers earn only half the wages of men, learn no transferable skills, and enjoy no labor rights or benefits.

A review of the literature on women's employment in EPZs worldwide demonstrates the complexity of the situation. On the basis of women's actual employment alternatives, export manufacturing employment unquestionably provides steady incomes, at least for a short period of time. Working conditions, though harsh and unyielding, are at least no worse than those in other sectors. However, EPZs perpetuate occupational and wage discrimination by sex and may also subject women to particular health hazards in some industries. In addition, employment in a zone may represent only a short-lived opportunity for improvement in individual women's economic position.

Although evidence on the impact of export manufacturing expansion on women is insufficient to make a conclusive general evaluation, it seems likely that employment provides short- but not long-term economic benefits for women in developing countries. In any country, both positive and negative features can probably be identified. AID policy should acknowledge the advantages of employment in EPZs for women, while seeking to alleviate the negative effects in whatever form they exist, with a particular interest in improving benefits over the long term.

First, AID program and policy efforts can seek to improve the quality of life and job satisfaction for women currently employed in EPZs. AID missions might encourage EPZ employers to provide: (1) transportation for their workers to and from the factory; (2) medical services not only to treat occupational illness and injuries but to provide primary health care; (3) cafeteria services and subsidized food to improve the nutrition and health status of workers and to raise their productivity; (4) childcare facilities, either on- or off-site; (5) labor referral and preliminary training programs; (6) savings and loan schemes to encourage workers to save, with special

emphasis on accumulating down payments for future homes; and (7) stimulation or tolerance of workers' associations and trade unions.

Second, AID can consider EPZs as a convenient site for preparing workers for productive activities after their time in EPZ employment. Savings and credit programs can help workers and their families establish small businesses; and training and education programs can enable workers to find employment in other industries or sectors or to become self-employed. Such measures will have greater impact if they are provided jointly and will contribute to raising the productivity of the national labor force and the manufacturing industry as a whole.

## CONTENTS

EXECUTIVE SUMMARY

PREFACE

INTRODUCTION ..... 1

AID Policy Towards Export Manufacturing  
Current AID Interventions  
The Gender Impact

THE BENEFITS TO WOMEN OF EXPORT-ORIENTED INDUSTRY ..... 18

Employment in Export Manufacturing:  
The Predominance of Women  
Value of this Employment for Women  
Types of Jobs Created  
Who Gets the Jobs?  
Impact on Women's Economic and Social Position

APPROPRIATE INTERVENTIONS ..... 41

Rationale for Interventions from a WID Perspective  
Possible Areas of Intervention

RECOMMENDATIONS FOR AID PROJECTS ..... 44

Projects to Improve Working Conditions  
Projects to Prepare Workers for Productive Employment  
outside Export Manufacturing

BIBLIOGRAPHY ..... 48

### Tables

1. Current AID Export Promotion Efforts ..... 6

2. Industrial Concentration of Female Employment:  
Selected Developing Countries ..... 23

## **PREFACE**

This paper is the second in a two-part series that examines, on a sectoral basis, the implications for women of AID's private sector thrust. The first paper, on women and agribusiness, reviewed AID's increasing involvement in that sector and indicated the importance of paying attention to broad socioeconomic goals in agribusiness projects. It suggested ways for AID to examine and monitor, and to influence for the better, the benefits flowing to women farmers and laborers within the existing program framework.

The approach of this second paper is necessarily rather different. AID's involvement in the promotion of export manufacturing is much less direct than in agribusiness. It rests predominantly on policy dialogue with developing country governments, with only a minority of projects providing, for example, infrastructural support or technical assistance in marketing and management. This paper therefore briefly describes the significance of export manufacturing to women in developing countries--which is major, since it is known that the great majority of jobs in this sector are held by women--and reviews the varying evaluations that are made of this phenomenon as far as women are concerned. Since the evaluation is mixed, the paper goes on to outline a possible AID policy in this field related to gender, and suggests the kinds of interventions, mainly in new project components, that AID can take to reduce the negative and to enhance the positive effects of export manufacturing production for women.

## INTRODUCTION

The objectives of this paper are to describe AID's current approach towards export manufacturing in developing countries, to demonstrate the relevance of analyzing the impact of export manufacturing from a gender perspective, and to suggest how policy might be extended to increase economic benefits for women. This introductory section describes AID's current approach to the question in terms of policy and project interventions.

### **AID Policy towards Export Manufacturing<sup>1</sup>**

At the broad program level, one of the most emphatic elements of AID policy is approval of "openness" in developing country economies. AID supports national economic policies that encourage free trade and full involvement in the international economy in accordance with the country's comparative advantage. In recent years, the redirection of AID's overall policy has rested centrally on this proposition. In this policy shift, AID has echoed the disenchantment of mainstream academic economists and of other donor agencies with programs of industrialization aimed mainly to supply local markets, substituting for imported goods. Export-oriented industrialization is held to be the optimal strategy for large and small developing countries alike.

The rationale for this focus in AID program policy is that through an enhanced ability to trade--which depends in the first instance on the capacity to export--developing countries benefit from increased economic efficiency, higher levels of income and employment and greater access to technology. Exports are thought to play a vital role in long-term job creation. If, in

---

<sup>1</sup>This section rests on three AID documents: (USAID, 1985, 1986 and n.d.)

addition, the processes used for export production are labor intensive, the country will realize significant employment gains in the short and medium term.

The process of building up industries capable of exporting their products is conceived as taking place in two stages, depending on the prior level of manufacturing capacity. The types of industries likely to be successfully adopted will differ from stage to stage.

The first stage concerns countries with an initially weak level of export capacity from the industrial sector (either because the industrial sector is small or because it is uncompetitive). So long as the country has low wages, in international terms, and lacks other productive industrial resources, labor intensive processes are likely to be the mainstay of development in the first stage. The exports may be produced by processing of local primary resources, particularly agricultural resources, or of imported materials. In the latter case, the local resource devoted to the production process is almost entirely human labor. Insofar as developing countries, by definition, have lower incomes and a lower unit cost of labor, human labor may be the basis for comparative advantage in trade in many situations. The employment gains of increased manufacturing for export rest on this feature.

In the longer run, developing countries with established industrial capacity will aim to expand and diversify their manufacturing activities, while maintaining an orientation toward international competitiveness. Labor intensity of production will be diminished at this stage both as a rationale and as an objective of industrial expansion, probably to be replaced by the objective of pursuing technological upgrading of production and attaining higher skills and higher wages in the manufacturing workforce. Diversification of industrial production is an important goal in its own right for this second stage, for it promotes stability and sustained growth by offering a hedge against cyclical or secular declines in export prices for particular products.

At both stages, the building up of export capacity in manufacturing is expected to take place mostly in the private sector. It may require inflows

of foreign capital and the management and technological production skills associated with it for at least three reasons. The country's domestic savings may be small (this is more likely, the lower is per capita national income); the local industrial entrepreneurial class may be risk-averse and unused to large-scale production; or local industries may lack the technological sophistication to succeed in foreign markets.

AID's trade development policy is set out in the Policy Paper on Trade Development issued in July 1986 (USAID, 1986), which states that AID supports developing country exports in a manner that is sensitive to US market conditions and to the effects of increased trade on US producers. AID's policy also implements statutory measures applicable to export development activities, including the following provisions of the Fiscal Year 1987 Foreign Assistance Appropriations Act: Section 521, which restricts AID support for the export production of a commodity in surplus on world markets where the assistance will cause substantial injury to US producers; Section 558 (the "Bumpers Amendment"), which restricts the use of certain AID funds to support the growth or production of agricultural commodities for export to countries other than the US; and Section 559 (the "Lautenberg Amendment"), which restricts AID support for certain activities directly assisting the manufacture for export of textiles, apparel, footwear, and certain other commodities identified as "import-sensitive" in the United States.

It is thus a subsidiary objective of AID policy to foster mutual economic interests between developed countries, including the US, and developing countries, whatever their stage of industrial development. Thus, a major focus of AID's trade development policy is to build ties between developed and developing country private enterprises on a continuing, long-term basis, consistent with broad American objectives of trade liberalization. Offshore production by US enterprises in developing countries, undertaken at the US companies' initiative but perceived also by the contractor and/or host government as beneficial, represents an expansion of the host country's manufacturing export capacity fully consistent with the main objectives of AID's trade development policy.



## **Current AID Interventions**

AID trade development policy is carried out in mission programs in a number of ways. The main activity, a precondition for all the rest, is policy dialogue encouraging host country governments to institute non-interventionist economic policies and, in particular, to remove distortions resulting in inappropriate disincentives to the private sector, such as biases against exporting.

Other elements of the export promotion program may also be the subject of policy dialogue, but provide opportunities for more direct AID involvement as well. The policy documents cited in the previous section put forward a number of suggestions in this regard. In order for export capacity to develop, a developing country may need access to technology, management and production skills and market information; it may need special program efforts or institutions to promote trade and investment in exporting activities; the private sector may need the opportunity to become more active in the trade of essential or economically important commodities, if the country is to achieve international competitiveness; projects set up to expand two way US-developing country trade such as offshore production by a US subsidiary or locally owned contractor, may deserve encouragement; and finally, there may be a place for infrastructural projects which specifically benefit export manufacturers.

In each of these cases, AID missions not only make their views known to host country governments, but may choose to direct some of their own program funds to suitable projects. For example, export management, production and marketing skills may be the subject of mid- and senior-level training projects in the US or in the host country using US instructors; AID might support special foreign investment promotion agencies and export market information programs; and it might provide funds on a grant or loan basis for improvement of infrastructure in sites designated for export production (usually known as "Export Processing Zones" (EPZs)), which exist in many developing countries.

AID's current export promotion program and project efforts differ widely from country to country with regard to the various measures mentioned above. However, a random survey of relevant country strategy and project documents,

presented in Table 1, gives a general flavor of the overall pattern of activities, particularly in the Latin America and Caribbean region. These documents were among those presented to the International Center for Research on Women over a 17-month period from October 1985 to March 1987 for technical review under the terms of a cooperative agreement with PPC/WID. Since the export promotion emphasis in AID policy is relatively recent, a scrutiny of documents relating to programs and projects in process of formulation undoubtedly reveals more about the shape of AID policy interventions than any review of pre-existing projects could. While this set of documents cannot be said to be a valid sample of AID activities in a statistical sense, their contents bear examination and are certainly indicative of AID activities in the Latin American region.

Table 1 is drawn from source documents making reference to expansion of export manufacturing as a program objective or to the export manufacturing sector as a target for project intervention. Of a total of fifteen country strategy documents (CDSSs or APs) presented to ICRW for review, ten refer to export manufacturing as an objective for the country concerned. While the fifteen are worldwide in coverage, the ten which mention export manufacturing are all for countries in Latin America. Export promotion is taken as an important objective of AID policy in some Asian countries, such as the Philippines and Indonesia. Nevertheless, it is notable that export manufacturing is consistently emphasised as a program objective throughout Latin America. Many of the countries in the region are heavily indebted and, assuming continuation of their present financial obligations, have to seek to improve their balance of payments as a matter of urgency. Since this region is also of strategic geopolitical importance to the US, and one element of AID's trade development policy is to foster US-developing country links through trade, it is not surprising to find that export promotion should figure more prominently in AID's program in this region than elsewhere (though this cannot in fact be inferred from the sample). Eight out of the ten country documents are for countries covered by the Administration's 1984 Caribbean Basin Initiative, a limited free trade agreement aiming to create a favorable regulatory environment for exports to the US from this area.

<u>Country</u>	<u>Source Document</u>	<u>LOP Beg-End</u>	<u>Cost \$ Mil</u>	<u>Project Purpose &amp; Description</u>	<u>Project Measures &amp; Gender Issues</u>
Belize	Export and Investment Promotion PID	-	3.6	The goal of the Project is to generate employment, income, and foreign exchange by promoting increased exports of Belizean products and the internal and external investments required for that objective. This promotion is to be accomplished through the Belize Export and Investment Promotion Unit (BEIPU) of the Belize Chamber of Commerce and (BCCI) which was established under the Export and Investment Promotion OPG Project #505-0025.	One of the outputs of the project will be the development of a marketing plan for Belize, which is critical for meeting export promotion objectives. The BEIPU's success will obviously depend on how accurate the plan is and how well it identifies appropriate products or services to be sold, markets, and market access. This marketing plan will also be key industry for women. To the extent that it is based upon sound information regarding the roles that women play or could play in marketing, industry and, potentially, tourism, project success as well as the participation of women in project benefits can be increased. The project identification document does not discuss the composition of the labor force, however, nor the importance of determining labor force characteristics as input into the marketing plan for Belize. As regards training activities, for example, the use of data on characteristics of the labor force that is not sex-segregated could be quite misleading due to typically large discrepancies in female versus male educational attainment. Also, the extent of child care facilities may influence the supply of female workers for light industry. Women tend to migrate less than men in the Caribbean and are thus potentially the more stable labor force; however, with increases in male migration, women workers' responsibilities for both income generation and household duties are heavy and this factor may inhibit women's participation in the paid labor force.

<u>Country</u>	<u>Source Document</u>	<u>LOP Beg-End</u>	<u>Cost \$ Mil</u>	<u>Project Purpose &amp; Description</u>	<u>Project Measures &amp; Gender Issues</u>
Bolivia	Action Plan	19 88-89	-	One of USAID's goals in Bolivia is to help promote self-sustaining economic growth in this area. USAID strategy emphasizes the expansion of Bolivia's private sector, particularly in areas in which it has a comparative advantage: agriculture and agribusiness, artisanry and handicrafts, and non-traditional exports.	Gender issues are mentioned only in connection with handicrafts activities. The 3.0 million Handicraft Export Promotion project approved in FY 1985, is benefitting four groups of knitters totaling approximately 3,000 low-income women who are receiving training and technical assistance in the production and marketing of alpaca sweaters. It is expected that, by the end of the project (FY 1989), a total of 6,000 women will be exporting high quality sweaters and other fashion items to foreign markets with the accompanying economic benefits for themselves and their families. In addition, the project will (a) promote cooperation among artisan organizations and Bolivian suppliers (e.g. wool wholesalers, yarn millers, button and zipper manufacturers); (b) assist knitwear organizations in arranging needed services (e.g. transportation, raw materials, credit); and (c) establish a producer association which will help its artisan clients to become familiar with exporting procedures and in lobbying the Government for policies more conducive to facilitating artisanal exports, all of which are expected to be of direct benefit to women.

<u>Country</u>	<u>Source Document</u>	<u>LOP Beg-End</u>	<u>Cost \$ Mil</u>	<u>Project Purpose &amp; Description</u>	<u>Project Measures &amp; Gender Issues</u>
Caribbean	Annual Action Plan	1987-88	n.a.	The Regional Development Office/ Caribbean Action Plan is a program for the six small LDCs in the Eastern Caribbean designed to promote export-led and employment-generating private sector growth. It focuses on three key productive sectors: light industrial manufacturing, tourism and agriculture. Projects are grouped into four main clusters each directed to one or more sectors: private sector-led productive investment; high impact agricultural development; infrastructure expansion and maintenance systems development; public management and institutional development.	Sixteen specific program objectives are identified, of which "Promote the Integration of Women" is one. Accordingly, there are no "women only" project. One of the program clusters contributes to the integration of women in the industrial sector by including them among the beneficiaries of projects for employment creation, credit, technical assistance to small and medium entrepreneurs and managerial training schemes. However, the design of individual projects does not take into account the importance of women in different sectors and occupations. For example, "almost one third" of small and medium entrepreneurs are women - but there is no sign that enterprise projects are designed to ensure that women rate in the same proportion among their beneficiaries. It might be argued that they should in fact figure more highly in view of the difficulties women generally have in obtaining credit and technical assistance through other channels. Again, education and participant and vocational training benefits should go to women proportionally to their numbers in the pool of eligibles and efforts should be made to train women in non-traditional areas. Women have comprised a third of trainees to date on the ongoing participant training program, and it is merely implied that this level of support will be continued.

<u>Country</u>	<u>Source Document</u>	<u>LOP Beg-End</u>	<u>Cost \$ Mil</u>	<u>Project Purpose &amp; Description</u>	<u>Project Measures &amp; Gender Issues</u>
Costa Rica	Action Plan	1988-89	-	<p>This Action Plan is a continuation of USAID/Costa Rica's program strategy which has been in operation since 1985. The overall program goals remain short-term stabilization, basic structural reforms leading to rapid and sustained economic growth, wider sharing of the benefits of growth, and strengthening of democratic institutions. This Action Plan is expected to contribute to the restructuring of the economy through its emphasis on private sector led, export-oriented industrialization. The Action Plan's twenty ongoing and four new projects seek to achieve these goals by FY89.</p>	<p>Women's role in development as participants and beneficiaries is discussed in relation to three areas: agriculture and agribusiness, training and institutional development, and housing. Although the Action Plan identifies ways in which women will benefit from project activities, it does not establish performance measures of women's participation for projects. Vague references to women in project objectives rarely result in the allocation of project resources to female participants and beneficiaries. When women's involvement is specified in measurable terms (e.g. number of women who will actively participate in the community development component there is greater likelihood that the targets will be achieved. However, the establishment of a WID Committee from among the various program and project areas is a very positive step to ensure that recommendations are followed through during the project development and implementation process. Secondly, the observation that women account for around half of the household heads in the East Caribbean is not followed through in the Action Plan. Women households heads in the this region, while caring for the same number of dependents as male household heads, are relatively poor and ill-educated and they are not young. It is important to disaggregate among the predicted women beneficiaries of the program, if, as is implicitly assumed in the document, women heads of households are supposed to benefit. For example, it is estimated that 90 percent of the jobs in the enclave export manufacturing sector will go to women. Will the jobs in the enclave export manufacturing go to women from such households (either the household heads themselves or their daughters)? Will they be reached by the small enterprise scheme or will these projects be limited in their impact to women who are relatively well off already?</p>

<u>Country</u>	<u>Source Document</u>	<u>LOP Beg-End</u>	<u>Cost \$ Mil</u>	<u>Project Purpose &amp; Description</u>	<u>Project Measures &amp; Gender Issues</u>
Dominican Republic	Action Plan	1987-88	-	The Dominican Republic Action Plan is a program to concentrate AID resources in support of agricultural diversification and expansion of private sector light industry. These are labor intensive activities oriented primarily at foreign markets. The Action Plan is expected to contribute to economic growth and also meet two intermediate objectives - relieving the country's severe balance of payments constraints and generating employment, which is thought to be the most effective way of alleviating the poverty and malnutrition that have increased with the general economic crisis of the past five years. The AID program is expected to provide 40 percent of new jobs in 1986 and 1987, with the ratio declining slightly thereafter.	Collection of sexsegregated data is built into many of the projects in the Mission portfolio and as the Action Plan notes, other studies of the position of women in certain sectors are to be undertaken. In the discussion of the program's incorporation of women, it is estimated that forty percent of all new jobs created in agribusiness and free trade zones will be filled by women (page 63). The Basis for this estimate is not clear.
Dominican Republic	CDSS Review	-	-	This CDSS describes the requirements for economic growth and the main policy changes required of the CODR to improve the economic environment for private business in industry and agriculture. Promotion of exports is given priority in the light of the DR's critical debt position. Agricultural diversification and increased exports of non-traditional manufactures are necessary to this end. The strategy depends, however, on an optimistic assessment of future growth in demand and access to export markets as well as improvements in the DR's competitiveness vis-a-vis rival suppliers.	From a WID perspective the focus is on the employment creating potential of the CDSS. Employment creation is claimed as an objective of the program, as it must be in a setting where the open national unemployment rate is approximately 27 percent. There are two problems here: first, there is no attempt in the CDSS to show that the emphasis on export promotion is the optimal strategy for creating employment - though it may be so, since exporting industries are generally thought to be relatively labor intensive. Secondly, there is no gender disaggregation, despite the assertion that data will be disaggregated by gender in the subsequent project design and implementation phases. Although the CDSS is a macro-level document, the fact that the jobs created in export manufacturing are likely, on the basis of experience elsewhere, to be filled by female workers to a disproportionate degree observed at least an acknowledgement in the text. For instance, in 1982, approximately 75 percent of workers in the two main

<u>Country</u>	<u>Source Document</u>	<u>LOP Beg-Eng</u>	<u>Cost \$ Mil</u>	<u>Project Purpose &amp; Description</u>	<u>Project Measures &amp; Gender Issues</u>
Dominican Republic	Development Training Grant Project Identification Document	-	7.0	USAID's development strategy in the Dominican Republic includes support for expanded private investment in the industrial and agricultural sectors and the development of a broader base of non-traditional exports. This will require substantial upgrading of personnel and retraining at the managerial, professional, and technical level to enable Dominican firms to compete in the world market. This project provides funds for training private sector Dominican employees and a limited number of university professors and undergraduates. Masters degree and Ph.D. training will focus on fields of study such as production engineering, strategic planning and marketing, agro-industrial technologies, industrial and systems engineering, business administration and banking, international finance and economics, computer science, etc.	The PID states that social soundness analysis will be undertaken to determine the equitable distribution of project benefits among various socio-economic groups, presumably including women.



<u>Country</u>	<u>Source Document</u>	<u>LOP Beg-End</u>	<u>Cost \$ Mil</u>	<u>Project Purpose &amp; Description</u>	<u>Project Measures &amp; Gender Issues</u>
Guatemala	Private Enterprise Development Project Identification Document	-	9.0	The goal of this project is to increase Guatemalan investment in exports and employment. The project purpose is to stimulate the expansion of private enterprise development in Guatemala leading to increased investments, employment and exports. The project has four components: credit and capital mobilization which includes a loan guarantee for small and medium size enterprises and a variety of studies; institutional development and policy reform; and export promotion comprising technical assistance to private sector export processing zones and activities to support market access to Guatemalan exporters.	In the social considerations section of the PID, it is noted that socio-economic benefits of the project will be identified and quantified and that project impact on various groups, including women, will be assessed. Additional information on socio-economic impact should have been included in the PID. During the PP stage, it will be important to pay closer attention to the extent to which women are represented in small and medium enterprises, and in industrial trade zones.
Honduras	Action Plan	1988		According to this Action Plan sustained economic recovery is to be based on enhanced private sector involvement. Economic productivity is expected to be strengthened through a focus on the private sector to encourage increased production and export of traditional and nontraditional products and crops.	An overall criticism of the Action Plan is its complete lack of attention to gender issues as they relate to strategy goals and objectives, and to projects. The Action Plan provides no gender disaggregated information whatsoever, nor does it set any quantitative or qualitative targets to integrate women into its current and planned program.

<u>Country</u>	<u>Source Document</u>	<u>LOP Beg-End</u>	<u>Cost \$ Mil</u>	<u>Project Purpose &amp; Description</u>	<u>Project Measures &amp; Gender Issues</u>
Haiti	Action Plan	1988-89		<p>The Haiti Action Plan presents a program to assist the Conseil National de Gouvernement to establish policies and programs necessary to stimulate economic growth, generate jobs, and provide social services to the population. The Action Plan is expected to address the following objectives: stabilizing financial structures; increasing agricultural production, preserving and managing natural resources and expanding and improving infrastructure; strengthening the private sector; increasing access to voluntary family planning services; reducing infant and child mortality; and improving educational opportunities. Implementation of the Action Plan in the interim period (between the fall of the Duvalier regime and the election of a new government, Feb 7, 1986 - Feb 7, 1988) is expected to contribute to a successful democratic transition. Export promotion is not mentioned as an objective.</p>	<p>The review of the Women in Development section of this Action Plan indicates that considerable progress has been made in integrating women as participants and beneficiaries in several of the AID-financed projects. The progress is most evident in the increased access of women micro-entrepreneurs to credit through private sector development activities. Approximately 20 percent of the Haitian Development Foundation clients are women-owned microbusinesses. In addition, the HDF has approved a \$100,000 Line of Credit to the Haitian affiliate of Women World Banking to provide loan financing for small women entrepreneurs. An export promotion project, The Factory Workers Improvement Project which was designed to enable factory workers, primarily women, to improve their socio-economic conditions by upgrading their skills, education and productivity has shown considerable accomplishment over the past year, particularly in the areas of microenterprise, health, and literacy program development and currently involves more than 100 women employed in three major factories. In light of the shortage of cultivable land in Haiti, there is an urgent need to increase non-agricultural employment opportunities for women. In a private sector development project, the Craft Export Resource Center, 300 rural handicraft jobs were created in FY 86 and 500 additional jobs are projected for FY 87. Apparently, however, no special effort to reach women is included in this project. With regard to women's access to basic educational, vocational and technical training only one project (Training for Development) has specified women's involvement but not in measurable terms.</p>

<u>Country</u>	<u>Source Document</u>	<u>LOP Beg-End</u>	<u>Cost \$ Mil</u>	<u>Project Purpose &amp; Description</u>	<u>Project Measures &amp; Gender Issues</u>
Jamaica	Action Plan	1987-88		<p>The goal of the Jamaica Action Plan is (1) to continue the strategies approved in May 1985 to promote export-led and employment-generating private growth and (2) to ease the shocks of declining GDP on lower income Jamaicans. It focuses on five key areas: agriculture; industry, commerce and finance; education/human resource development; health, nutrition and population; and shelter/urban development. Nine specific program objectives are identified. Five project clusters contribute to economic growth and improved equity; four are aimed at satisfaction of basic human needs.</p>	<p>An examination of ongoing and proposed projects shows that they have enormous potential impact on women and should address the integration of women by including them among the beneficiaries. Only one vocational training project description mentions women, however. This lack of explicit mention of women and failure to consider how USAID/Jamaica strategies may affect them in the stated objectives and project descriptions will detract from the recognition that women are key actors in any development programs for Jamaica.</p>
Peru	Action Plan	1978-88		<p>Most of USAID/Peru's planned, directly productive expenditures are aimed towards the generation of export revenues (by agriculture and industry) or towards increasing local production of items that would otherwise be imported (primarily foodstuffs). Action Plan expenditures are designed to contribute to four program goals: economic growth with equity, satisfaction of basic human needs, political stability, democratic participation and civil rights, and institutional capacity to manage development. Five new projects, each directed towards one or</p>	<p>Nowhere in this Action Plan is there any reference to gender issues. Women are referred to in connection with some ongoing family planning and health projects, but there is no identification in the document of any intention to take account of the implications of women's particular economic position for the design and implementation of new projects.</p>

<u>Country</u>	<u>Source Document</u>	<u>LOP Beg-End</u>	<u>Cost \$ Mil</u>	<u>Project Purpose &amp; Description</u>	<u>Project Measures &amp; Gender Issues</u>
				<p>more of these goals, are presented in the Action Plan for start-up in FY 1987 or 1988. Two are small projects of \$10m or less, for institutional development in the private industrial sector and for technical assistance in overseas marketing of agricultural products respectively. The largest single project, for a cash transfer program under the ESF, intended to support a comprehensive set of interventions directed at all four goals, is not presented in detail in this Action Plan.</p>	
St. Kitt-Nevis	CDSS			<p>The St. Kitts-Nevis CDSS notes that the strategy for assistance to the islands will focus on the tourism, agriculture, and light manufacturing sectors, as well as health and population control efforts. Improvements in the performance of the light manufacturing sector are to be gained through measures such as investor search, financing of industrial facilities, management training, and credit and technical assistance.</p>	<p>As currently written, the CDSS refers to women only in a section entitled "The Problems of Women Workers." The information contained in these pages may indicate an appreciation of the degree to which the USAID program will affect and rely upon women. There is a danger, however that the lack of explicit mention of women and the impact of the program on them in the main body of the document will detract from the recognition that women are key actors for the development process.</p>

A far higher proportion of missions' country strategy documents than project documents make reference to export manufacturing activities, consistent with the emphasis on policy dialogue within AID's export promotion policy. In fact, fewer than 10 percent of project-level documents (three out of thirty-nine) are for interventions in this sector. Of those three, one concerns mid-level training to increase human resources available to export manufacturers (Dominican Republic), one is designed to improve the institutional capability of an export and investment promotion unit in the private sector established with earlier AID support (Belize), and the last provides literacy and personal skills training to workers in export factories (Haiti).

Some of the country strategy statements and action plans suggest that other Missions may in time formulate specific project interventions along similar lines. For example, the East Caribbean and Costa Rican Action Plans include management and vocational training components; the Peru Action Plan includes measures to promote institutional development in the export manufacturing sector; and the St. Kitts-Nevis CDSS suggests that AID will support an investment promotion effort, as well as management training. One other area that is mentioned occasionally is support for the handicrafts industry and for small- and medium-scale enterprises in general, insofar as it has an actual or potential capacity to export its products. Thus, the Bolivia Action Plan includes a substantial handicrafts export promotion project, and the East Caribbean Action Plan gives a prominent place to credit and technical assistance for small- and medium-size enterprises.

### **The Gender Impact**

The fourth column of Table 1 has pulled out statements on the gender impact of country programs and projects from the respective documents, and has noted areas where further ramifications for women might have been considered.

Some of the project documents include explicit mention of women as direct beneficiaries of specific measures. In most cases, the level of women's participation is stated as likely to be proportional to women's presence in the pool of eligibles. For example, the Caribbean Action Plan credit and

small enterprise projects are expected to include about 30 percent women among the beneficiaries, proportional to women's importance in that sector. In addition, a similar share of the management training program participants will be women. Similarly, the Dominican Republic and Belize training projects may be expected to include women, insofar as these projects are claimed to be aimed equitably at different socioeconomic groups. In none of these cases, however, is there any discussion of factors inherent either in the project design or in the socioeconomic situation that might prevent women attaining the anticipated level of benefits. There are two cases of "women-only" projects. The Bolivian Handicrafts Exports Promotion Project is targeted, apparently exclusively, at women knitters of alpaca sweaters. The Haitian project is also women-specific, in providing literacy and interpersonal (leadership, personal awareness) skills training to women working in some of Haiti's large US-owned export processing factories.

Thus, women figure fairly prominently in the few cases where AID Missions have put forward project interventions for the export manufacturing sector. There is a notable contrast in that, with two exceptions, the country-level documents make only vague reference to women, if any reference is made at all. This is commonly in the social soundness analysis section, and to the effect that women constitute one of the socioeconomic groups which will benefit from AID's program. The Bolivia and Peru Action Plans compartmentalize the issue of women's participation, confining the discussion to projects where women are the primary or sole beneficiaries.

The two exceptions to this neglect of women in country documents are the Caribbean and Dominican Republic Action Plans. These two strategy plans note that the majority of jobs to be created in the export manufacturing sector are likely to go to women. As will be seen, the almost universal effect of expansion of export manufacturing in developing countries in recent decades is that women fill most of the jobs created. Given that women represent only 32 percent of the total labor force in developing countries and a slightly lower proportion of the labor force in industry--26 percent (Hopkins 1983), the disproportionate access that women have to export manufacturing employment and their overwhelming importance as suppliers of labor for the export manufacturing sector is quite phenomenal. Yet it provokes only glancing

recognition in AID field documentation, despite the Agency's strong endorsement, in the Blueprint for Development, of the integration of women into its total portfolio and its intention to emphasize the role of women in all of AID programs.

This paper will demonstrate that a major opportunity is being missed here. The export promotion policy emphasis can contribute to another AID objective, namely the better integration of women in development, more than is presently realized. Moreover, consideration of gender issues produces ideas for supplementary project interventions that will improve the developmental impact of AID's export promotion policy for the industrial sector of developing countries.

## **THE BENEFITS TO WOMEN OF EXPORT ORIENTED INDUSTRY**

### **Employment in Export Manufacturing: The Predominance of Women**

The pattern of industrial trade between developed and developing countries strongly suggests that export-oriented industry creates more employment for a given capital investment than domestically oriented industry. This is because the composition of developing country manufactured exports is weighted towards light industrial consumer and intermediate goods, which are produced by more labor intensive methods than the average across the industrial sector as a whole. According to one study, 54 percent of developing countries' manufactured exports consisted of labor-intensive products in 1977 (Ballance and Sinclair, 1983). Of these, the largest single item was clothing. Clothing, together with textiles (also produced labor intensively) accounted for 33 percent of lower middle-income developing countries' manufactured exports, and 18 percent of upper middle-income oil importing countries' manufactured exports in 1983. For low-income developing countries these two product categories weighed even more heavily, accounting for approximately two-thirds of total manufactured exports (World Bank, 1986).

Textiles and clothing are the main examples of "traditional" labor intensive manufactured products. As the above data suggest, they tend to become less important in developing countries' total manufactured exports as development takes place and national income increases, i.e., with transition from the first to the second phase of export industrialization. Diversification of industrial production for export is not necessarily, however, associated with a move away from labor-intensive production.

For example, the most dynamic product category in world trade over the recent past has been electronics. Developing countries have a substantial share of the world market for many individual products, such as micro circuits, radios and TVs. These are all manufactured by labor-intensive methods, despite the very high R&D expenditures of global electronics corporations and the increasing automation of production of certain advanced electronic circuitry, such as microprocessors. Electronics industries have been built up in several developing countries, mostly in Asia, but also in Mexico and Brazil; and a capacity for electronics assembly production is being established in some developing countries which have otherwise a very slim industrial base, such as Haiti. In virtually every case, electronics production is almost entirely for export. Thailand and Indonesia, however, have established domestically oriented consumer appliance industries, and the same is true of Brazil (Joekes, 1986).

The textiles and clothing and electronics industries merit special consideration for another reason. The available evidence suggests that, to an even greater extent, these are the most important areas of activity for foreign investors in the export manufacturing sector in developing countries. As the review of AID policy in the previous section indicates, there is a special interest within the program in promoting two-way trade links between developed and developing countries. In practice, this is largely synonymous with the expansion of production by developed country corporations in developing country locations. Furthermore, production in these industries is usually done on an "offshore" basis, with the further processing and/or assembly of components exported from a developed country, then re-exported back to it subsequently.



Operations of this kind are often located in export processing zones (EPZs) in developing countries. These are special areas designated for light industrial production, where manufacturers are generally given exemption from taxes and duties on the importation of materials and export of the finished product (and exemption from other taxes, such as corporate income or profits tax, as well). It is unfortunately not known what proportion of developing countries' total manufactured exports originates in export processing zones. It seems likely, however, that in the smallest, most recently industrializing countries, of the type where AID is active in promoting export manufacturing, the bulk of export manufacturing activity is situated in these zones (see Table 1).

In the Dominican Republic, for example, a country with a relatively extensive and well-established industrial sector, only 3 percent of industrial production from non-EPZ locations was exported in the early 1980s (Joeke, 1987). In countries where either local industry has grown up behind protective barriers (as in the Dominican case) or where there is very little formal sector industry (excluding handicrafts and small-scale enterprises, which may have a real capacity to export), AID support for export promotion is likely in practice to be directed towards EPZ industry.

Data on EPZ economic activity are generally better than on developing countries' total industrial production. For instance, according to one source, 27 percent of all firms established in EPZs worldwide were producing textiles, or more importantly, garments, though the percentage was considerably higher than this outside the Far East; and 30 percent of all EPZ firms worldwide were producing electronic and light electrical goods--mostly intermediate products (Edwards, 1984).

It has been estimated that there are approximately one million jobs in EPZs in developing countries (UNIDO, 1980), about one quarter of them in Central and South America and the Caribbean. Of course, this is only a minor share of total manufacturing employment in developing countries. Within the export sector, however, the share is much more significant, though data are lacking for a proper comparison.

Five countries dominate in terms of the size of their EPZ operations: Hong Kong, South Korea, Puerto Rico, Singapore and Taiwan. Rather less important but still substantial are EPZs in Brazil, Haiti, Malaysia and Mexico (Edwards, 1984).

In terms of EPZ's importance in the local economy, however, the ranking is different. In small countries, the EPZs can be overwhelmingly important, the main site for modern industrial production and often the only source of exports. The share of EPZ employment in total manufacturing employment is between 35 and 55 percent in Mauritius, Singapore and Haiti; between 10 and 20 percent for Malaysia, Dominican Republic and Nicaragua; and less than 10 percent for Tunisia, South Korea and Sri Lanka. The proportion is even lower than this in large countries such as Brazil, Egypt and the Philippines (IFCTU, 1983).

These figures refer to direct employment in the zones themselves. In some countries there may be an important indirect employment creation effect in firms supplying parts and components or doing subcontracted outwork for zone enterprises, but this is difficult to measure. Indirect employment effects are probably greater in cases where differences between the EPZ and the surrounding economy are not great, especially in terms of production costs, and trade and fiscal regulations. Backward linkages in production will be stronger under such circumstances. Of course, in cases where conditions are closely similar, enterprises may have little incentive to locate in the zones, and in this situation data on EPZs seriously underestimate the local importance of offshore export processing and other such manufacturing activities. The low share of EPZ production and employment in the major East Asian manufacturing exporters, South Korea and Taiwan, are cases in point. EPZs may be most important for nurturing industrial exports in small countries that lack any prior local capacity in actually or potentially internationally competitive product lines. The countries where AID program strategy strongly emphasizes promotion of manufactured exports mostly fall into this category (see Table 1).

Most pertinent to the subject of this paper is the sex composition of the workforce in EPZs worldwide. For the early 1980s, it was estimated that 80

percent of all workers in EPZs were women (Edwards, 1984). A recent international survey revealed that women constituted more than 90 percent of the EPZ workforce in Sri Lanka; more than 80 percent in Malaysia; and more than 70 percent in the Philippines (Lee, 1984). In Mauritius, 70 percent of the workforce are women, and in the large border zones in Mexico, about 90 percent are women (ICFTU, 1983). The sex composition of the workforce in secondarily created jobs outside EPZs is not known.

One factor that explains the extremely high representation of women in the export manufacturing workforce in developing countries, whether in EPZ or non-EPZ production, is simply the composition of these countries' exports, which is oriented towards industries where women workers are concentrated (Table 2). These data show that in countries outside the Asian subcontinent, the Middle East and East Africa (areas which account for only a small part of total developing country industrial employment) women normally comprise two-thirds or more of the workforce in clothing, and an important share (higher than average representation) in electricals/electronics and textiles. These data give lower levels of women's participation in industrial employment than in EPZs. The share of women in an industry's workforce may, however, be higher in the export sector, both inside and outside EPZs, than in production for domestic markets.

A study of the Moroccan clothing industry, for example, showed that the proportion of women workers was higher, both within and between firms, when the product was for foreign markets (Joeke, 1982). Given the present composition of most developing countries' manufactured exports (excluding Taiwan, South Korea and Singapore, where product diversification and technological upgrading are well advanced), it seems likely that, whatever the exact proportion, the great majority of new jobs in export manufacturing will go to women.

### **Value of this Employment for Women**

Women have long been part of the workforce in factories around the world. Nevertheless, the distinctive pattern of female employment in multinationals, particularly electronics and textile manufacturers, which selectively hire

TABLE 2

Industrial Concentration of Female Employment  
Selected Developing Countries

Country & Year	Percent Women of Total Persons in Paid Employ- ment in Manufacturing	Percent Women of Total Persons in Paid Employment in Selected Manufacturing Industries							Females Employed in Selected Manufacturing Industries as a Proportion of all Women in Paid Employment in Manufacturing	Males Employed in Selected Manufacturing Industries as a Proportion of all Men in Paid Employment in Manufacturing
		Food Beverages & Tobacco (31) 1/	Textiles (321)	Garments (322)	Chemicals (351/2)	Leather (355)	Plastics (356)	Electrical Machinery Appliances etc. 2/ (383)		
ASIA										
Hong Kong (1983)	50	23	47	69	38	40	49	63	85	59
India (1981)	10	33	7	25	9	-	7	7	94	58
Korea (1982)	43	38	67	76	30	56	43	52	78	44
Philippines (1977)	37	21	42	65	21	5	28	42	84	57
Sri Lanka (1984)	33	n.a.	56	90	n.a.	13	32	22	52	29
AFRICA										
Kenya (1983)	9	12	9	23	19	-	10	-	75	56
Egypt (1976)	8	8	9	-	18	26	22	14	83	65
Malawi (1981)	4	n.a.	16	4	11	4	5	3	16	24
Mauritius (1985)	61	n.a.	42	6	n.a.	9	24	24	87	51
Zimbabwe (1983)	7	n.a.	7	19	7	8	4	5	49	30
LATIN AMERICA										
Colombia (1983)	30	n.a.	35	81	31	22	35	28	56	30
EUROPE										
Cyprus (1981)	46	n.a.	76	85	41	36	34	56	58	16

Source: ILO Yearbook of Labour Statistics: 1984, 1985 and 1986

Notes: 1/ Bracketed numbers indicate ISIC categorization  
 2/ This industry includes, but is not limited to, electronics  
 n.a. Not available  
 - Negligible

women to assemble or manufacture their product in developing countries, is a new feature. It has sparked a debate over whether multinationals are to be blamed for the exploitation of women workers or to be praised for integrating them into economic and political development. The arguments are usually limited to evidence on the operations of foreign companies in EPZs, for which data are most plentiful, but in principle they apply to all formal sector export manufacturing.

Advocates of the integration thesis argue that Third World women's traditional household responsibilities and informal economic activities marginalize and exclude them from sharing the benefits of development efforts. According to this view, export-oriented industrialization leads to promote liberation and sexual equality by providing wage employment and integrating women into the modern labor market. Working in the export sector for multinationals not only provides women with a regular income and greater economic security, it also provides productive skills that give women a chance of upward mobility within and among industrial firms. Further, rational social organization of modern industrial firms can stimulate development of liberal, egalitarian values which undermine traditional sex roles (Inkeles and Smith, 1979). In sum, multinational export factories not only expand job opportunities for women, but pay higher wages and have better working conditions than alternative domestic firms. Even when wages in multinational firms are lower than in locally-owned firms, women often prefer the foreign enterprises because of their higher status and better working conditions (Lim, 1983).

The exploitation thesis, by contrast, assumes that export-oriented industrialization has brought few benefits to women industrial workers. It argues that while wage employment has brought some (financial) independence for women, the increase in job opportunities still falls far short of its liberating potential (Fernandez Kelly, 1983; Fuentes and Ehrenreich, 1983). According to this view, women provide cheap and easily expendable labor. Jobs that are available to these women are usually unskilled, dead-end and poorly paid. Wages paid to women in the multinational firms generally constitute only half of the wages paid to men, and the work given to women does not provide them with any transferable skills (Leung Wing Yue, 1986). Further,

most of these women are deprived of the most basic labor rights such as right to minimum wage, to unionize or to strike. Sick leave, holidays and vacations, while often included in the enterprises' personnel entitlements, are rarely permitted in practice (Fuentes and Ehrenreich, 1983).

From a women in development perspective, AID policy on export promotion has to take these issues into account. Given that the majority of jobs in this sector go to women, AID policy must rest on an assessment of both the positive and negative aspects of the change in the spectrum of economic opportunities facing women brought about by the expansion of export manufacturing.

The remainder of this section consists of a summary of what is known of working conditions in export manufacturing enterprises in developing countries, the socio-economic characteristics of women workers, and a final assessment of the integration/exploitation debate.

The information that follows is drawn from studies of women's employment conditions in export manufacturing (mostly, but not exclusively, in EPZs) in many different countries in Asia and Latin America. It does not claim to be an exhaustive review of the literature. The Asian countries, particularly South Korea, Singapore, Malaysia and the Philippines, seem to have received the most research attention, and Latin America and the Caribbean relatively little.

Whether this is a significant drawback for the purposes of this paper, given that AID's own present emphasis may be on the latter region, depends on how different conditions are between the two regions. In economic terms, it is clear that a number of the Asian countries have much longer established and technologically more advanced export capacity than the Central American and Caribbean countries where AID is most actively supporting export manufacturing as a policy objective. Roughly speaking, several of the Asian countries are in the second stage of industrial export consolidation and diversification noted above, while the Latin American ones where AID is active in this program area (and also such countries as the Philippines, Indonesia and Sri Lanka), are lower-wage countries in the earlier, simple, labor-intensive assembly

production stage. If there is any validity to a stage theory of export industrialization, the Asian experience may hold some lessons for small Latin American and other countries seeking to emulate their example. Furthermore, the pervasive presence of multinational enterprises, as producers or contractors, in the export manufacturing sector in developing countries suggests that, at the level of particular industries, production and employment conditions are likely to be similar across countries.

On the other hand, women's social and economic position differs between the two regions (as well as among countries within each region), particularly as concerns household composition, levels of education and fertility patterns. Insofar as these differences are relevant to women's employment, they may limit the generalizations to be made.

#### Types of Jobs Created

The employment structure. The structure of employment in the EPZs is extremely unbalanced. Jobs created in the EPZs are mostly unskilled or semi-skilled, providing repetitive and monotonous work. Workers need only a short time to learn the job, quickly achieving standard levels of productivity. They obtain no increase in income and little improvement in their job grade as they gain seniority. A very small proportion of the local workforce attains the few supervisory or managerial positions available. Moreover, in foreign-owned enterprises and in many businesses subcontracting to overseas clients, such jobs are often taken by expatriate employees, limiting local workers' opportunities still further.

Working hours and productivity. In most countries in Asia where EPZs are in operation the standard working week is 48 hours. But, in practice, companies employ many techniques to prolong the working day, such as enforced overtime, quota systems and refusal to allow holidays (ICFTU, 1983). In the Philippines, for example, it has been reported that on top of an eight-hour shift, two to four hours daily overtime is usual. Double (16 hours) and triple (24 hours) shifts are demanded at times, and sometimes "stay-ins" for 24-36 hours. In the Philippines, 46 percent of workers in one survey worked almost 60 hours a week and 25 percent worked more than 60 hours; in Malaysia,

half the firms surveyed were on a three-shift basis and about 25 percent of the women worked more than 48 hours a week; in Sri Lanka, 46 percent of the workers worked more than 48 hours and 17 percent worked more than 55 hours (Lee, 1984). In EPZs in the Dominican Republic 48 percent of women interviewed routinely worked overtime (Duarte and Corten, n.d.). Excessive overtime is most common in the clothing industry. A working week of 70 hours or more has been reported during peak periods in Hong Kong (ILO/UNCTC, 1985).

There are major conceptual and practical difficulties in making international productivity comparisons, but controlled observations in standard assembly operations in multinational corporations have some interest. In such settings, productivity in the EPZs is often found to be only marginally lower per unit of time, and often substantially higher for the whole working year, compared with productivity in the high-income industrialized countries. A study by the US Tariff Commission found that in the garment industry, Mexican and Caribbean workers produce as many pieces per hour as US workers. For the electronics industry, non-US labor required only 8 percent more hours to assemble such articles as radios, television receivers and semi-conductors, and three percent fewer hours than required by US workers to assemble luggage, baseballs, toys and scientific instruments (cited in ICFTU, 1983). Employers in the Dominican Republic reported labor productivity rates of 80-85 percent of the level in comparable US plants (Joekes, 1987).

Studies of the electronics industry in EPZs show that a whole range of methods is used to maximize worker productivity. Personnel policies combine authoritarian discipline with human relations techniques, including company slogans, publications extolling traditional feminine attributes and recreational activities such as beauty competitions. There is also usually a production quota system to set working standards. The quotas are continually being raised as the workers become more proficient, and competitions are held between workers who receive a small bonus for producing the highest number of units. Work norms are also enforced by disciplinary sanctions and fines (Elson and Pearson, 1981, ICFTU, 1983).

Wages. For women workers in female-intensive export industries such as garments, electronics and toys, the wages earned in export factories,



particularly multinational export factories, are probably superior to wages and incomes earned in alternative occupations open to them. For young, unskilled (although generally educated) women, export factories pay more, often much more than the common alternatives of agricultural labor, domestic service and employment in small service sector and commercial enterprises such as retail sales, food service and personal services (ILO/UNCTC, 1985). EPZ enterprises seem to observe minimum wage legislation in countries where such regulations exist (ICFTU, 1983), and small informal-sector employers and local industrial enterprises may not. Foreign-owned enterprises, in particular, have a high profile in the local economy and are likely to observe the letter of the labor laws--unless specifically exempted--for essentially political reasons.

Earning the minimum wage does not indicate that the export factory worker is among the lowest paid in the labor force. On the contrary, in developing countries with an excess supply of labor, minimum wage earners are often among the highest wage earners in the urban working class. Petty trade and small-scale entrepreneurship in the "informal sector" can pay more than export factory work, but relatively few women manage to earn high incomes in the informal sector. Most women are limited to low-productivity activities, since a number of barriers work against women specifically (high initial capital requirements, difficulties of access to formal credit programs, and relative lack of experience, contacts, information, and skills). They also have high failure rates and require very long working hours. In some countries (e.g., Thailand, the Philippines and South Korea) prostitution is the most common high-earning occupation for young women.

In the early days of EPZs some countries, such as the Dominican Republic, exempted EPZ employers from the national minimum wage rule, in an attempt to attract foreign enterprises that could help absorb surplus labor. In that case, and in several other countries, such exemptions have since been revoked (Joeke, 1987; ICFTU, 1983). In the Dominican Republic at present EPZ employers clearly base their wage payments on the national minimum. Total average workers' earnings are above the minimum level by about the same proportion as working hours exceed the statutory requirement (Joeke, 1987).

Nevertheless, EPZ employers in developing countries may not be above breaking the spirit (as opposed to the letter) of minimum wage laws, either by paying the minimum wage only to the most productive workers or for greater than statutory work hours. Thus in the Bataan EPZ in the Philippines, nominally subject to the national wage legislation, 36 percent of unskilled workers are paid below the legal minimum wage, although overtime and incentive payments bring individuals' total earnings up to or above the minimum wage (Lee, 1984). In the Dominican Republic there is such variation about the average, when EPZ earnings are disaggregated by industry and sex of worker, that the inference is that many female workers are paid below the minimum wage (Joeques, 1987).

Another practice reported in the literature that contravenes the spirit, and sometimes also the letter, of the labor legislation is the extended or serial hiring of women as low wage "apprentices" when they are performing to standard levels of productivity and long beyond the period allowed by law. In most countries, the minimum wage is not applied for trainees, which leads to excessive use of this category of labor. In one country in 1977, trainees constituted 30 percent of the labor force in assembly industries (ICFTU, 1983).

Industries producing goods for export of the type commonly located in EPZs, notably clothing, generally pay wages lower than the total average wage for the manufacturing sector as a whole in developing countries. This factor serves, in the Philippines, for example, to depress EPZ wages below the sectoral average. Moreover, even within particular industries (especially electronics), wage rates are lower in the EPZs than in other locations in the Philippines (ICFTU, 1983). The same appears to be the case in South Korea. According to the National Textile Workers' Union of Korea, textile and government workers' wages in the zones were as much as 30 percent lower in 1979 than in other factories in the country. In the Malaysian zones, by contrast, average wages were reported to be generally at par with what is paid outside the zones in the same industries, and in electronics to be marginally higher in the EPZs than in comparable factories outside the zones. However, there are no minimum wage rates in Malaysia and wages vary considerably. In Sri Lanka, where enterprises are subject to minimum wage rates, clothing

industry wages are roughly the same in the EPZ as in factories outside (ICFTU, 1983).

Wages earned by women workers in EPZs are probably lower than those of equivalent male workers. This is partly a correlate of the concentration of women into low-paying industries such as clothing which predominate in EPZs in many countries, though the direction of causation in the low wage-female predominance relationship is a matter of dispute (see Table 2). Thus, in 1974, South Korean female workers earned on average less than half the male wage; in Mauritius in 1975, unskilled and semi-skilled female workers also received less than half of the male wage and in Taiwan, the average female wage was 58 percent below the male average (ICFTU, 1983). However, data are almost entirely lacking to substantiate the point for export manufacturing activities specifically, and the small minority of men employed in EPZs makes strict comparisons between male and female wages especially difficult in this case.

Despite the inadequacies of wage data, it seems valid to say as a general statement that women's earnings in export manufacturing employment are, in the majority of cases, an improvement over other employment opportunities open to them. To the extent that this generalization holds, it implies that employment in this sector not only increases the total number of women's job opportunities, in some countries quite significantly, but that it brings higher income-earning opportunities too.

Health and safety. Several countries have dispensed with the prohibition on night work for women so that these factories can maximize their production. In the Asian electronics industry there is usually a three shift system (ICFTU, 1980). In some cases, married women are always hired for the late-night shift so they can do housework and care for their families during the day. The fast pace and intensity of monotonous and repetitive assembly work in the rigidly disciplined environment of export-oriented factories aggravate nervousness and stomach complaints, while forced overtime and production step-ups probably increase fatigue and the likelihood of accidents.

Serious physical problems are associated with work in electronics factories. The US Occupational Safety and Health Administration has placed electronics on its list of high health-risk industries using the greatest number of hazardous substances. Workers may be exposed to carcinogenic substances such as acids, solvents and gases. One leading electronics enterprise has recently responded to medical evidence of likely ill-effects on foetal development of some of these substances by taking pregnant workers off certain production tasks. Complaints of acid burns, skin rashes, nausea, dizziness, lung trouble, swollen eyes, urinary tract and other problems have been made by workers (ICFTU, 1983). In addition, problems of eye strain and deteriorating eyesight are common, particularly associated with continuous use of microscopes in microchip welding.

Apart from these specific hazards, physical working conditions often appear better in electronics enterprises than in textile and garment factories, for example, which use older equipment and where levels of dust and noise pollution are more severe. In general, the larger and more modern the factory, the better conditions tend to be (ILO/UNCTC, 1985). By this criterion EPZ enterprises probably compare well with the rest of manufacturing industry in most developing countries.

Employment security. Job security is tenuous in many branches of export manufacturing industries in developing countries, especially in strongly cyclical industries such as electronics. In Mexico, in what may be an extreme case, 38 percent of workers in one survey had been in their present job for less than 6 months; on the other hand, 11 percent had been there for 8 or more years (Tiano, 1986b).

One major attraction of the EPZs for multinational corporations is the opportunity they present to hire and fire workers with minimal compensation and the ability to replenish the workforce continually with incoming cohorts, given the surplus of women applying for the jobs. During the 1974-75 economic recession, for example, a third of all workers in Mexico's border regions were laid off (Tiano, 1986b) and one-third of all workers in electronics in Singapore lost their jobs with the retrenchment of that industry (Joeke, 1986).

For the worker who is laid off, reemployment when production picks up is by no means assured. New, younger workers are preferred and, even if rehired, the experienced worker is often only paid a beginner's wage.

Moreover, "footloose" companies may close down and shift to new, cheaper locations either in response to rising wages or the end of a tax holiday. This phenomenon is given prominence in the literature but empirical evidence is hard to come by. There were shut downs, undoubtedly, in Mexico in the early 1970s, with the shift of some production processes and of some enterprises out of Mexico to the Far East; and in Singapore rising wages have caused the most labor-intensive industries to move some of their processes to cheaper wage locations in Malaysia, Indonesia and Sri Lanka. As wages rise and labor-intensive activities move out, governments have made efforts to attract investments in higher-skilled, higher-wage and higher-value added production activities. This type of restructuring is presently taking place in Singapore and other middle-income Asian countries, notably Taiwan and South Korea. Where the effort is successful, total employment in export manufacturing continues to increase.

The other main cause of footloose behavior is political instability. Where the national political situation destabilizes--even when objectively the preceding regime was grasping and abhorrent, and the destabilization carries hopes of an improvement in the social and political situation in the country--foreign investors may pull out and seek a base in another country which is perceived to present a less risky political and economic environment. Signs of such a pull-out are evident in Haiti, and perhaps in the Philippines as well.

In situations of excess supply of female labor the existence of "footloose" industries may merely reinforce the temporariness of employment for individual workers, due partly to employers' preference for a youthful workforce, and partly to some women's voluntary withdrawal on marriage or childbirth (ILO/UNCTC, 1985). Data are lacking to examine the hypothesis that the average age of the female workforce in EPZs increases, and with it the security of employment for working women, as the labor market tightens. On the evidence to date, however, prospects for employment in EPZs seem to be

starkly limited in time for individual women workers in most developing countries.

### Who Gets the Jobs?

Age and marital status of the women workers. Firms in EPZs have predominantly drawn their workers from a particular, low-cost segment of the female labor force: young women workers who are mostly new entrants to the labor force and often secondary earners in a household. In most developing countries, EPZ workers are usually aged between 17 and 25, although some start work as young as 14. Worldwide it has been estimated that 85 percent of women export processing workers are under 25 years of age (ILO/UNCTC, 1985). In Sri Lanka, 83 percent of the women employed in EPZs are below 26; in the Philippines 67 percent are below 24; in Mexico, 85 percent of the women workers in border electronics industries are aged between 17 and 23. In the Mazan Zone in South Korea, 80 percent of the women workers are aged between 14 and 24 (ICFTU, 1983).

In some Caribbean locations the workforce is significantly older. In Costa Rica the average age of women workers in export processing firms is 27 years (Ricart et al, 1984), and in the Dominican Republic, 48 percent of EPZ women workers are less than 24 years of age (Reyes, 1986). The female workforce in export manufacturing was nevertheless significantly younger in this case than in the domestic industrial sector, where only 27 percent were less than 24 years old.

Even where EPZ workforces include many married women, the average age is still low. For example, in a survey of married women working in the Bataan EPZ in the Philippines, whose ages ranged from 15 to 39, 76 percent were less than 30 years, and the average age was 26 (Zosa-Feranil, 1984).

Particular industries show systematic variation in the age of their workforces. Many studies indicate that the electronics industry employs the youngest workers, whereas the garments industry contains many older women (ILO/UNCTC, 1985; Joeke, 1987; Ricart et al, 1984). In Mexico, for example,

the average age of electronics workers is 23 years and of clothing workers is 28 years (Tiano, 1986b).

A consequence of the youth of export manufacturing workers is that most of these women are new entrants to the workforce. In Sri Lanka, the Philippines and Malaysia, 50 to 70 percent of the EPZ workforce has no previous experience of paid employment (ICFTU, 1983). In Mexico, 44 percent of electronics workers and 25 percent of clothing workers had no previous job--a difference consistent with the younger average age of the former group (Tiano, 1986b).

With regard to marital status, the great majority of women workers in export oriented multinationals in Asia are single. The range is between 70 and 95 percent across the region (ILO/UNCTC, 1985). More than 80 percent of EPZ workers in Malaysia are single, as compared to about 80 percent in Sri Lanka and South Korea and more than 60 percent in the Philippines (ICFTU, 1983).

There is more variation in women workers' marital status in Latin America and the Caribbean. Although the workforce here is also young, many, in some cases the majority, are in a marital union of some kind and most women in unions have children. In Mexico, for example, 29 percent of women workers were in a marital union of some kind, and 17 percent were divorced or separated (Tiano, 1986b). In Costa Rica, the available data on breakdown by marital status is unclear, but shows that 47 percent of women export workers had children (Ricart, 1984). In the Dominican Republic the great majority of the workforce were or had been in a marital union. Only 22 percent of the women workers in EPZs were single, whereas 51 percent were in a legal or consensual union and 27 percent were widowed or divorced. Sixty percent of all women workers had young children, the incidence of motherhood being higher among women in consensual than in legal marital unions (Catanzaro, 1986; Reyes 1986). A large proportion (38 percent) of all Dominican women export sector workers had financial responsibility for their households, about half of them caring for their children on their own without a male partner, the rest bringing in a higher wage than any other household member or being the sole supporter of the household, even where an adult male was present (Reyes, 1986).

Thus, in Asian export manufacturing the typical woman worker is young, unmarried and childless, whereas in Central America and the Caribbean she is not so young (though probably younger than women working in other parts of the economy), is in a formal or informal marital union, and often has children to care for. In either case it can be argued that export manufacturing employers have secured the most productive segment of the female labor force in their respective societies. Single Asian women are unencumbered by family responsibilities and make a flexible workforce, whereas Latin American women with financial responsibility for their children are likely to be strongly committed to their jobs.

Educational qualifications. Although the work they carry out is mainly unskilled or semi-skilled, women workers in EPZs usually have a relatively high educational level. In the Philippines and Sri Lanka, high school graduates constitute 60 percent and 25 percent of women workers in EPZs, respectively. This makes them extremely well educated compared to other women in the national labor force (ICFTU, 1983). Among the married women in the Bataan EPZ, most had some years of secondary education, with nearly 50 percent completing their secondary education, while a primary school education was the minimum requirement for employment in the zone (Zosa-Feranil, 1984). Furthermore, two out of every five married women had vocational training, often in tailoring or dressmaking.

In the Dominican Republic EPZ workforce, 56 percent had some elementary school education, 38 percent had attended high school and 3 percent had been to college, while among the comparable age group of women in the total population (15 to 39 years), only 16 percent had had 6 years of schooling or more. Educational attainment was considerably higher among workers in the electronics enterprises than in others (Joeke, 1987). On the other hand, in Mexico, women in export manufacturing do not seem to have particularly high levels of educational attainment. While electronics workers are more educated than clothing workers, they are not more educated than women in the service sector (Tiano, 1986b).



Place of origin. In Malaysia, government policy has encouraged the employment in export factories of young Malay women, who are mainly of rural origin and hence must often migrate from rural villages to factory locations in EPZs (Jamilah, 1982, 1984). Export processing enterprises in Tunisia have in some cases located in the rural areas in order to have direct access to a non-urbanized workforce, in the form of young girls who continue to live in their parental home in a more conservative and restrictive social environment than exists in the cities (Baud, 1977). A similar phenomenon has been observed in parts of Indonesia (Mather, 1982).

Such creation of employment directly for young rural women is exceptional. In most other developing countries, the women employed in labor-intensive export factories are usually of urban origin, or from families which migrated to urban areas years before. In the typical case this is a correlate of the relatively high educational requirements that exporting enterprises set for their workers, since educational provision is usually especially deficient for girls in rural areas.

In Thailand and Mexico, for example, recent rural migrants cannot obtain multinational factory jobs, especially in the electronics industry, because they lack the requisite minimum educational qualifications (usually at mid-secondary level). In Malaysia, however, rural areas have been relatively well-served with public social services and infrastructure including education, so these young rural women are suitable suppliers of labor for electronics companies (Lim, 1987).

Labor Organization. Trade unions are widely assumed to be completely unoperable in EPZs. Information on the nature and extent of union activity in EPZs is hard to come by, but this view seems to be an over-simplification.

An International Labor Organization appraisal of labor conditions in Asian EPZs found that the rights of unions to organize, elect leaders of their choice and bargain collectively was reduced between the late 1960s and early 1980s (Lee, 1984). The restrictions were brought about by governments, not by outright prohibition of unions per se, but by curtailment of unions'

bargaining power and scope for representing workers. For example, Special Laws of 1970 and 1974 in the Philippines prohibited all labor disputes and reduced workers' freedom of assembly in EPZs without any formal ban on unions, and early labor enactments in Singapore and Malaysia consolidated management powers to recruit, promote, transfer and dismiss workers without consultation with worker representatives. In Sri Lanka, unions are formally permitted, but industrial relations are handled by joint committees staffed by management appointees (ICFTU, 1983).

In other places, unions formally have the right to bargain on wages and conditions, but in practice they are denied access to EPZs and so have no members and no mandate for negotiations. In the Dominican Republic, for example, EPZ employers ensure that unions do not gain a foothold by dismissing any worker who joins a union or shows signs of activism (Joeke, 1987).

Although the International Confederation of Free Trade Unions states that "transnational corporations are putting pressure on governments for no union guarantees as a prerequisite for investment" (ICFTU, 1983), there is no apparent correlation between restrictive legislation or unionization and attractiveness for foreign investors. The initiative in restricting workers' rights normally comes from governments rather than from multinational investors. For example, in Asian EPZs, labor activity is tightly restricted or banned. In South Korea, a special labor law prohibits any industrial disputes from taking place within foreign companies (Yue, 1986). It has even been suggested that in some countries multinationals have deliberately avoided locating in EPZs because of the greater risk of labor unrest where union rights are restricted. The Philippines and Malaysia are cases in point, where EPZ workers' protests have been widespread, sometimes over the cause of the right to organize (ILO/UNCTC, 1985).

With all the restrictions on EPZ workers' rights, women working for multinational corporations (which are heavily represented in EPZs) seem in many countries to be more unionized than women employed in locally-owned enterprises (ILO/UNCTC, 1985). Young women have been active in labor organizations in several countries in Asia, proving themselves far from a completely tractable workforce. The general level of union participation is

still low in these countries compared with the industrialized countries (except in some industries, notably electronics), but has generally been increasing over time as export manufacturing industries and women's employment experience in general have become more established (ILO/UNCTC, 1985; Kabeer, 1986).

#### Impact on Women's Economic and Social Position

In general, research suggests that in Asia the young unmarried women who work in factories contribute substantial proportions of their wages to their family economy (Hareven, 1982; Salaff, 1982; Tilly and Scott, 1978). The value of these transfers varies from country to country with the prevailing real wage rate. Indonesia is one of the lowest wage Asian countries. A comparison of 39 village females (and their households) who worked in factories in Central Java with 90 village females who had never worked in a factory shows that direct weekly or monthly cash remittances to the family from factory daughter's salaries are not substantial, although those workers who participate in a savings association are able to contribute more to their families in the long run. The wages paid to young female workers do not provide much of a surplus above the subsistence needs of one person. However, factory wages do contribute to the family economy by providing for at least one individual worker's consumption needs, and certainly lessen the workers' cash dependence on their families (Wolf, 1986).

In Latin America, however, many women in the export manufacturing workforce have to provide for their own and for much of their household's needs, and are not supported by (or eligible for support from) their parents. To the extent that these women manage to hold their households together, their wages could be said to be at subsistence level or above. The ability of export manufacturers to recruit young, relatively well-educated workers the world over testifies to the fact that export sector wages compare well with wages paid to women workers in other sectors. Where wages are meager in relation to subsistence needs, this is not a peculiarity of export manufacturing, but characteristic of the prevailing wage rate in the particular country.

Women in export manufacturing value their jobs for the economic independence and family support it provides and for the opportunity to delay marriage and child-bearing (Foo, 1987). Women are also able to escape restrictive family circumstances, and to enjoy "horizon-broadening" experiences and the companionship of other women (Ackerman, 1984; Tan, 1984; Foo, 1987). They generally express satisfaction with their factory jobs and with their lives (e.g., Zuhairah, 1983; Lim, 1985; Foo, 1987) and consider their wages to be fair exchange for their labor even when they are aware that employers earn much more from their labor (Foo, 1987). Almost two-thirds of respondents in a study of Mexican maquila workers declared that they would keep working at their job even if they did not need the money (Tiano, 1986b).

When women's jobs in other sectors pay more, there may be a "nonpecuniary" element to the factory wage, provided by better physical facilities, working conditions and fringe benefits (especially in multinational plants), higher social status, the availability of social interaction with other women (Ackerman, 1984; Lim, 1985, 1987) and a sense of independence and widening horizons (Lim, 1985).

Women workers in Indonesia perceived that their status was enhanced by factory work due to engaging in nonagricultural, steady, remunerated labor in a clean, cool environment. Their skin stayed lighter, reflecting nonmanual and therefore higher status work. Factory work allowed them to leave their parents' home to travel to work, and meet young men and women from other villages in the factory. Factory workers in one village studied, exhibited an air of assertiveness compared with their peers who had never worked in a factory. Their makeup, nail polish and in a few cases, long pants, were statements of modernity outside of the village. Many stated definitely that they, not their parents, would choose their mate (Wolf, 1986).

This generally favorable assessment of EPZ employment comes from the women workers themselves. It is a reminder that, in weighing the evidence on the integration/exploitation debate, the relevant comparison is these women's actual alternative employment opportunities. On this basis, there can be little doubt that export manufacturing employment does bring some improvement to working women's lives, in terms of steady income within the normal range

for the manufacturing sector, at least for a short period of time; and that working conditions, while harsh and unyielding by any standards, again are not seen as significantly worse than in other sectors in developing countries. Moreover, while women with higher than national average educational attainments are preferred for the jobs, this may be a screening device set by employers to cope with excessive numbers of applicants, rather than an absolute requirement of the job. Illiterate women from the poorest families are not totally excluded; as production expands, there may be more opportunities for them too.

Nevertheless, the picture is far from satisfactory. Export manufacturing has not as yet altered the occupational and wage discrimination faced by women in the labor market. The health drawbacks of certain industrial occupations in EPZs have very serious consequences, and concern that multinationals may be reneging on safety measures is justified. The youthfulness of the EPZ workforces carries another implication: that employment in a Zone represents only a short-term improvement in women's economic position. This could be for a number of reasons.

In a pessimistic interpretation, the instability of "footloose" or cyclically vulnerable export processing enterprises limits the span of employment for the workers in any plant, who would be unable subsequently to secure jobs in other enterprises, since other employers prefer younger workers. Established employers might dismiss women workers when they reach a certain age, if younger workers are thought to be more productive; or because the work is so hard or hazardous, women might have to withdraw due to ill-health after a period of a few years.

A more optimistic interpretation might hold in a very few cases, such as Korea, Singapore and Taiwan, where real wages in export manufacturing have, along with the national wage level, risen very substantially in recent years. In these cases, women might withdraw for more positive reasons: they might have saved enough money from their wages to make a start in self-employment, or to be in a marriage where the husband earns enough to support the family.

There is insufficient evidence to reach a definitive and balanced assessment of the impact on women of the expansion of export manufacturing in developing countries. Different causal factors are likely to be at work in different societies and regions of the developing world. It is clear nevertheless that both the integrative and the exploitative theses have some merit to them, and that in any one country, both positive and negative features are likely to be present. This provides a basis for AID policy. AID policy should acknowledge the advantages to women brought about by the creation of jobs in export manufacturing, while looking at ways to alleviate other, negative effects in whatever form they exist in particular settings.

## **APPROPRIATE INTERVENTIONS**

### **Rationale for Interventions from a WID Perspective**

The preceding discussion of the impact of employment in export manufacturing on women's social and economic position shows that such employment expands paid work opportunities in the formal sector for many women and increases their earnings. On average, such employment may increase the level of women's total incomes by altering the overall spectrum of women's job opportunities towards higher-paid activities. There are strong theoretical and empirical reasons to suppose that increasing women's paid employment is an essential precondition for improvements in women's overall economic and social status (Sen, 1985). To that extent the expansion of export manufacturing represents a fundamental benefit to women in developing countries.

But the drawbacks to this type of employment are also evident. Wages are scarcely higher in export manufacturing than in other unskilled industrial occupations, and yet the workforce in this sector tends to be significantly better educated. In relation to national returns, this means that the social investment in women's education is undercompensated, and the expansion of export manufacturing may not be reducing the discrepancy between the rates of return on male and female education.

However, the fact that educated women's labor is available so cheaply to the export manufacturing sector is more a reflection of prior segmentation in national labor markets by sex in developing countries than of exploitative behavior by enterprises. There may be some scope for governments to modify the situation before the export manufacturing sector grows sufficiently to affect the balance of the labor market between the sexes. There are some actions that AID can take in this direction (see below), but the main thrust of AID efforts must lie elsewhere.

AID's policy should be directed towards ameliorating the disadvantages for individual women of the type of employment available in export manufacturing. The main disadvantages are the short-term nature of the employment opportunities, the fact that the skills used on the job are so narrowly specific to work in assembly production operations and, where it exists, the abuse of humanitarian health and safety standards. With respect to the last point, clearly, getting legislation on the statute books is not enough; AID should use the occasion of policy dialogue with developing country governments to reinforce governments' resolve to monitor working conditions in exporting firms' plants and to set realistically high deterrents in the form of financial or other penalties. AID should also use its moral influence with US enterprises to ensure that they conform to the highest (US) operating standards in this respect, even where local regulations differ.

### **Possible Areas of Intervention**

AID program and policy efforts should be devoted to redressing the disadvantages of export manufacturing for women. These fall into two classes of action. The first are measures to improve quality of work life and job satisfaction which reward workers during their period of employment. This will in all likelihood not extend to the two major aspects of employment conditions, namely wages and duration of employment or employment stability. The main benefit to workers in any activity lies in the wage. AID will not be able to influence the going wage rate in EPZs, except insofar as it can present a case for raising the national minimum wage in policy dialogue with particular host governments. Nor will AID be able to bring about a lengthening of the prospective period of employment for individual women in

export manufacturing, given that, in situations of excess supply of female labor, employers will always be able to satisfy their market-driven preference for more productive, younger women. Measures are available, however, for improving other aspects of people's working lives, such as their health and nutrition, travel to work, family support, and personal savings or indebtedness status.

Equally important, AID can promote supplementary interventions directed at improving women's prospects for productive activity after they leave the export manufacturing sector. Interventions under this heading are designed to launch women workers into the labor market, after employment in export manufacturing, with a higher level of skills and other resources than they would otherwise have.

In interventions of either type, AID projects need to acknowledge that women's experience in high productivity, export manufacturing employment equips them very well to understand the shortcomings of their situation and clearly conceptualize their own needs. Projects should be designed with a strong participatory element, so that the intended beneficiaries have a say in the nature and disposition of benefits, as in the Haitian Factory Workers Center Project (see Table 1 and OEF International, 1986).

One advantage of the concentration of export manufacturing production in EPZs is that EPZs provide a concentrated site for the efficient delivery of such services to large numbers of workers. AID will be bringing major benefits to women workers throughout their lifetime if it is able to make use of these sites to improve women's economic life chances after their period of export manufacturing employment is over.



## RECOMMENDATIONS FOR AID PROJECTS

Following the categorization of interventions introduced above, this section presents some ideas of possible interventions for consideration by AID Missions.

### Projects to Improve Quality of Work Life and Job Satisfaction

- **Transportation.** In many EPZ locations workers are involved in a long commute to work each day. In addition to the high costs of transportation for all women, mothers face the triple burden of caring for their children and managing a household on top of a factory job. Long journey times to work add another highly fatiguing activity, to the detriment of themselves and their families. AID Missions could consider ways of encouraging the rationalization and greater efficiency of both public and private transportation systems serving EPZs. EPZ administrations may be encouraged to provide transportation for their site workers, with AID providing technical assistance on equipping and operating systems effectively.
- **Health and Nutrition.** Medical services should be provided in EPZs, to cope with both occupational illnesses and injuries. In addition, a potentially wide range of other services could be offered, in the shape of primary health care programs for workers and perhaps also their children and spouses. This would seem a highly appropriate area for AID intervention.

Cafeteria services represent an important measure to improve workers' nutrition and health status and their productivity on the job, especially for low-income workers and in low-income countries. Subsidized food might be provided, and at a minimum EPZ authorities and enterprises should ensure healthy conditions for workers to purchase and store food and provide suitable locations for breaks.

- **Childcare.** Medical schemes might be extended to or linked with some childcare provision for (female and male) workers' children. In some situations childcare facilities would best be provided off-site. For example, facilities close to local transportation terminals or elementary schools would save children the often long journey to their parents' worksite. Even if off-site, childcare facilities could be serviced medically by EPZ medical staff, administered by the EPZ authority itself, or supported by it financially. Childcare services would be appropriate in countries where large numbers of women in EPZ employment have children.
- **Training.** In countries with a large excess supply of poorly educated and inexperienced labor, export manufacturing activities might be more successfully operated if EPZs administered a labor referral and preliminary training scheme. Individual enterprises will always want to train new recruits in their own particular production routines, but only large, usually foreign enterprises have the resources and expertise to train a workforce completely from scratch. The nurturing of local entrepreneurial capacity is effectively discriminated against in such circumstances. Such a measure is therefore primarily part of an industrialization policy program, but it can have benefits for workers also, insofar as it upgrades their skills, enhances their self-esteem, and improves their chances of job mobility in export manufacturing employment.
- **Savings Facilities.** Savings and loan schemes can help workers consolidate the advantages of the period of secure (if modest) earnings to improve their housing, discharge consumer debts or capitalize small family business operations. In many countries, it is the stability of earnings from factory employment that sets such jobs apart from others. Savings schemes established near workers' place of employment may represent the best chance unskilled workers' families ever have to undertake a commitment to save regularly, and to receive a useful return. Special attention should be given to familiarizing women with the savings scheme and providing them with assistance in financial management.

- **Housing.** Workers in EPZs often cite housing as one of their most pressing needs. This may be an even greater problem for women who are heads of households. Contract saving schemes can be designed to encourage workers to accumulate a downpayment for eventual purchase of their own house. By organizing and contributing to such schemes, EPZs or individual plants will not only provide a valuable service to their employees, but they will also create an incentive for worker retention.
- **Workers' Associations or Unions.** Independent workers' associations and trade unions can serve as a useful vehicle for the resolution of labor disputes and grievances over personal and management issues, as well as providing services such as those discussed above to their members. Therefore, EPZs should be encouraged to be tolerant, if not supportive, of labor organizing efforts by their employees. Women workers should be encouraged to become members of these associations or unions and to participate in their management.

Many of the above services are provided by well-established employers in EPZs in the higher-income developing countries (Joekes, 1987). They recognize the benefits to themselves in the form of increased stability and productivity of the workforce. It may not be necessary for AID, therefore, to provide financing for such projects, but rather a stimulus for action. In different settings AID Missions should explore methods of promoting arrangements to generate financing from EPZ authorities or enterprises, bearing in mind that EPZ sites present opportunities for collective, concentrated and therefore potentially more cost-effective provision than individual enterprises would face.

## **Projects to Prepare Workers for Productive Employment Outside Export Manufacturing**

- **Credit and Savings.** Savings schemes, as eventual sources of credit, can help workers and their families establish a small business to the point where a woman worker can look forward to productive self-employment in the informal service or manufacturing sector after the factory job is finished.
- **Training and Education.** Training schemes that provide a wide variety of skills for women should also be considered for support. These could range from substantive skills training in traditional and nontraditional areas of work for women to low-level technical assistance in small enterprise skills, such as literacy, bookkeeping and marketing. They would be located in EPZs or in local population centers for EPZ workers, but aimed at broadening and deepening their skills for employment or self-employment after they leave the export manufacturing sector.

Both credit and training facilities should be designed to promote high value-added activities, with a small business rather than a "handicrafts" emphasis. The interventions could be usefully linked, so that lenders can be directed towards areas of training helpful to their enterprise, and trainees can be encouraged to put their skills to productive use. A period of factory employment is in itself an excellent training in production routines and performance requirements, and women workers in export manufacturing should be considered as a rich source of potential small enterprise operators.

## BIBLIOGRAPHY

- Ackerman, Susan E. 1984. "The Impact of Industrialization on the Social Role of Rural Malay Women." In Women in Malaysia. Edited by Hing Ai Yn, Nik Sariah Karim and Rokiah Talib. Kuala Lumpur: Pelanduk Publications.
- Ballance, R. and Sinclair, S. 1983. Collapse and Survival: Industry Strategies in a Changing World. George Allen and Unwin: London.
- Baud, Isa. 1977. "Jobs and Values of Export-Oriented Industrialisation in Tunisia." Tilbury University Development Research Institute. Mimeo.
- Catanzaro, Lorraine, J. 1986. "Women, Work and Consciousness: Export Processing in the Dominican Republic." M.A. Thesis, Center for Latin American Studies, University of Florida.
- CDG Projects/Free Zone Authority Services, Inc. 1984. "Export Processing Zone Contributions to Development." Washington, DC: CDG Projects/Free Zone Authority Services, Inc.
- Culbertson, R. 1983. "The Private Sector: The Dominican Republic." AID Evaluation Special Studies, no. 16. Washington D.C: USAID.
- Duarte, Isis and Corten, Andre. n.d. "Proceso de Proletarizacion de Mujeres: Las Trabajadoras de Industrias de Ensamblaje en la Republica Dominicana." Paper presented at the XIV Latin American Congress on Sociology, San Juan, Puerto Rico.
- Elson, D. and Pearson, R. 1981. "Nimble Fingers Make Cheap Workers: An Analysis of Women's Employment in Third World Export Manufacturing," Feminist Review, no. 7.
- Edwards, Anthony. 1984. "How to Make Offshore Manufacturing Pay." Special Report No. 171. London: The Economist Publications Ltd.
- Fernandez-Kelly, M.P. 1983. For We are Sold: I and My People. Albany: SUNY Press.
- \_\_\_\_\_. 1983. "Mexican Border Industrialization, Female Labor Force Participation and Migration." In Women, Men and the International Division of Labor. Edited by June Nash and M.P. Fernandez-Kelly. Albany, NY: State University of New York Press.
- Foo, Gillian H.C. 1987. "Work and Marriage: Some Demographic Implications of Factory Work for Single Women in Peninsular Malaysia." Ph.D dissertation, University of Michigan, Ann Arbor.
- Fuentes, Annette and Ehrenreich, Barbara. 1983. Women in The Global Factory. Boston: South End Press.
- Hareven, Tamara K. 1982. Family Time and Industrial Time. New York: Cambridge University Press.

Hopkins, M. 1983. "Employment Trends in Developing Countries, 1960-80 and Beyond," International Labour Review 122 (4).

International Confederation of Free Trade Unions. 1983. "Trade Unions and the Transnationals." Brussels: ICFTU. Mimeo.

International Labour Office (ILO)/United Nations Centre on Transnational Corporations (UNCTC). 1985. Women Workers in Multinational Enterprises in Developing Countries. Geneva: ILO.

ILO/United Nations Research and Training Institute for the Advancement of Women (INSTRAW). 1985. Women in Economic Activity: A Global Statistical Survey (1950 - 2000). Geneva: ILO/INSTRAW.

Jamilah, Ariffin. 1984. "Migration of Women Workers in Peninsular Malaysia: Impact and Implications." In Women in the Cities of Asia, Migration and Urban Adaptation. Edited by James T. Fawcett, Siew-Ean Khoo and Peter C. Smith. Boulder, Colorado: Westview Press.

\_\_\_\_\_. 1982. "Industrialization, Female Labour Migration, and the Changing Pattern of Malay Women's Labour Force Participation--An Analysis of Interrelationships and Implications," Southeast Asian Studies 19 (March 1982): 412-425.

Joeke, S. 1987. Women in the World Economy. New York: Oxford University Press.

\_\_\_\_\_. 1986. Industrialization, Trade and Female Employment in Developing Countries: Experiences of the 1970s and After. Santo Domingo, Dominican Republic: INSTRAW.

\_\_\_\_\_. 1982. "Female-led Industrialisation and Woman's Jobs in Third World Export Manufacturing: The Case of the Moroccan Clothing Industry." Sussex, England: Institute for Development Studies.

Jones, Gavin W., ed. Women in the Urban and Industrial Workforce: Southeast and East Asia. Canberra: Australian National University.

Kabeer, Naila. 1986. "Women's Employment in the Newly-Industrialising Countries: the Case of India and the Philippines." Report prepared for the International Development Research Centre, Canada.

Krishnaraj, Maithreyi. 1985. "Women's Position in an Export-Oriented Industry: The Costs of Female Preference in Employment." Paper presented at the Indo-US Seminar on the Impact of Industrialisation and Urbanisation in the Lives of Women in India and the United States, Bombay, India, SNDT Women's University, June 2-5, 1985.

Lee, Eddy, ed. 1984. Export Processing Zones and Industrial Employment in Asia. Bangkok: International Labour Organisation, Asia Employment Programme.

Lim, Linda. 1987. "Women Industrial Workers: The Specificities of the Malaysian Case." In a forthcoming book edited by Jamilah Ariffin and Wendy Smith. Institute of Southeast Asian Studies.

\_\_\_\_\_. Forthcoming. "Export-oriented Industrialization and Asian Labor." In a forthcoming book edited by Gary Gereffi.

\_\_\_\_\_. 1983. "Capitalism, Imperialism and Patriarchy: The Dilemma of Third-World Women Workers in Multinational Factories." In Women, Men and the International Division of Labor. Edited by June Nash and M.P. Fernandez-Kelly. Albany, N.Y.: State University of New York Press.

Lin, Vivian. 1985. "Health, Women's Work and Industrialization: Women Workers in the Semiconductor Industry in Singapore and Malaysia." Paper presented at the International Sociological Association Conference, University of Hong Kong, August 14-20.

Mather, Cynthia. 1982. "Industrialisation in the Tangerang Regency of West Java: Women Workers and the Islamic Patriarchy." Paper presented at the Conference on Women in the Urban and Industrial Workforce: Southeast and East Asia, University of the Philippines and Australian National University, Manila.

Moran, Theodore, H.; Grieco, Joseph, M.; Eucarnation, Dennis J.; Wells, Jr., Louis, T.; Cable, Vincent; Mukherjee, Bishakha; Glover, David, J.; Oman, Charles, P.; Guisinger, Stephen and Goidsbrough, David, J. 1986. Investing in Development: New Roles for Private Capital? Washington, D.C.: Overseas Development Council.

OEF International/Centre de Promotion Ouvrieres. 1986. "Factory Workers' Center Project." Report of Activities: Year 1, August 1985-July 1986. Washington, D.C. and Port-au-Prince: OEF International and the Centre de Promotion Ouvrieres.

Overseas Development Council. 1986. "Third World Worker Rights and US Trade Policy: Should They be Linked?" ODC Policy Focus no. 6, Washington D.C.

Petritsch, Mechtild. 1985. "Women's Participation in Manufacturing in Developing Countries, with Emphasis on Agro-Industries." Expert Group Meeting on Women in Agro-Industries, Vienna, Austria, October 14-18, 1985. Vienna, Austria: United Nations Industrial Development Organization (UNIDO).

Reyes, Q. 1986. Masters Thesis (title unavailable). Center for Latin American Studies, University of Florida.

Ricart, Consuelo; Fernandez-Kelly, Maria P; and Ortuno, Lilian. 1984. "The Maquila Industry in Costa Rica: A Fact-finding Mission." Report prepared for the Costa Rican Coalition of Development Initiatives.

Safa, Helen I. 1986. "Women in Export Manufacturing: Proletarianization and Consciousness." Center for Latin American Studies, University of Florida. Mimeo.

- Salaff, Janet W. 1981. Working Daughters of Hong Kong. New York: Cambridge University Press.
- Sen, A.K. 1985. Women, Technology and Sexual Divisions. UNCTAD/INSTRAW, UNCTAD/TT/79.
- Tan Boon Kean. 1984. "Study Should Dispel Minah Karan Myths." Business Times, 20 January 1984.
- Tiano, Susan. 1986a. "Women and Industrial Development in Latin America," Latin America Research Review XXI (Nov. 3, 1986).
- \_\_\_\_\_. 1986b. "Maquiladoras in Mexico: Integration or Exploitation." Mimeo.
- Tilly, Louise A. and Scott, Joan W. 1978. Women, Work and Family. New York: Holt, Reinhart and Winston.
- Tucker, S. 1986. "The Caribbean Basin Initiative: Elevated Expectations and Limited Means." Washington, D.C.: Overseas Development Council. Mimeo.
- UNIDO. 1980. Export Processing Zones in Developing Countries. UNIDO Working Papers on Structural Changes, no. 19.
- USAID. 1986. Policy Paper Trade Development. Washington, D.C.: USAID Bureau for Program and Policy Coordination. PN-AAV-461.
- \_\_\_\_\_. 1985. AID Policy Paper Private Enterprise Development (Revised). Washington, D.C.: USAID Bureau for Program and Policy Coordination.
- \_\_\_\_\_. n.d. Blueprint for Development: The Strategic Plan of the Agency for International Development. Washington, D.C.: USAID.
- USAID. 1982. "Project Evaluation Summary: Industrial and Commercial Job Training for Women." USAID Bureau for the Near East, Morocco, PD-AAJ-662, INS 1200.
- White, Karen; Otero, Maria; Lycette, Margaret, and Buvinic, Mayra. 1986. "Integrating Women into Development Programs: A Guide for Implementation for Latin America and the Caribbean." Report prepared for USAID, Bureau for Latin America and the Caribbean. Washington, D.C.: International Center for Research on Women.
- Wolf, Dian. 1986. "Linking Women's Labor with the Global Economy: Factory Daughters and their Families in Rural Java." Mimeo.
- World Bank. 1986. World Development Report 1986. Washington D.C.: World Bank.
- Yue, Leung Wing. 1986. "The Dark Side of Industrialization," Multinational Monitor (October 1986).
- Zosa-Feranil, Imelda. 1984. "Female Employment and the Family: A Case Study of the Bataan Export Processing Zone." In Women in the Urban and Industrial



Workforce: Southeast and East Asia. Edited by Gavin W. Jones. Canberra: Australian National University.

Zuhairah, Ali. 1983. "Rural-Urban Migration: A Case Study of Some Problems Confronting Women Factory Workers in the Electronics Industry in Selengar." M.A. Thesis, University of Malaya, Kuala Lumpur.